

August 3, 2023

Second Quarter 2023 Results



Important information

Caution Regarding Forward Looking Statements

This presentation or any other oral or written statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. These statements may discuss targets, intentions or expectations as to future plans, trends, events, results of operations or financial condition or otherwise, in each case, based on current beliefs and expectations of management, as well as assumptions made by, and information currently available to, management. These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “estimate,” “expect,” “project,” “projections,” “plans,” “potential,” “anticipate,” “should,” “could,” “designed to,” “foreseeable future,” “believe,” “think,” “scheduled,” “outlook,” “target,” “guidance” and similar expressions, although not all forward-looking statements contain such terms. This list of indicative terms and phrases is not intended to be all-inclusive.

These forward-looking statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, our dependence on customers’ capital spending on data, communication and entertainment equipment, which could be negatively impacted by a regional or global economic downturn, among other factors; the potential impact of higher than normal inflation; concentration of sales among a limited number of customers and channel partners; risks associated with our sales through channel partners; changes to the regulatory environment in which we and our customers operate; changes in technology; industry competition and the ability to retain customers through product innovation, introduction, and marketing; changes in cost and availability of key raw materials, components and commodities and the potential effect on customer pricing and timing of delivery of products to customers; risks related to our ability to implement price increases on our products and services; risks associated with our dependence on a limited number of key suppliers for certain raw materials and components; risks related to the successful execution of CommScope NEXT; potential difficulties in realigning global manufacturing capacity and capabilities among our global manufacturing facilities or those of our contract manufacturers that may affect our ability to meet customer demands for products; possible future restructuring actions; the risk that our manufacturing operations, including our contract manufacturers on which we rely, encounter capacity, production, quality, financial or other difficulties causing difficulty in meeting customer demands; substantial indebtedness and restrictive debt covenants; our ability to incur additional indebtedness and increases in interest rates; our ability to generate cash to service our indebtedness; the potential separation, divestiture or discontinuance of a business or product line, including uncertainty regarding the timing of the separation, achievement of the expected benefits and the potential disruption to the business; our ability to integrate and fully realize anticipated benefits from prior or future divestitures, acquisitions or equity investments; possible future impairment charges for fixed or intangible assets, including goodwill; our ability to attract and retain qualified key employees; labor unrest; product quality or performance issues, including those associated with our suppliers or contract manufacturers, and associated warranty claims; our ability to maintain effective management information technology systems and to successfully implement major systems initiatives; cyber-security incidents, including data security breaches, ransomware or computer viruses; the use of open standards; the long-term impact of climate change; significant international operations exposing us to economic risks like variability in foreign exchange rates and inflation, as well as political and other risks, including the impact of wars, regional conflicts and terrorism; our ability to comply with governmental anti-corruption laws and regulations worldwide; the impact of export and import controls and sanctions worldwide on our supply chain and ability to compete in international markets; changes in the laws and policies in the United States affecting trade, including the risk and uncertainty related to tariffs or potential trade wars and potential changes to laws and policies, that may impact our products; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign social and environmental laws; the impact of litigation and similar regulatory proceedings in which we are involved or may become involved, including the costs of such litigation; the scope, duration and impact of disease outbreaks and pandemics, such as COVID-19, on our business including employees, sites, operations, customers, supply chain logistics and the global economy; our stock price volatility; income tax rate variability and ability to recover amounts recorded as deferred tax assets; and other factors beyond our control. These and other factors are discussed in greater detail in our 2022 Annual Report on Form 10-K and may be updated from time to time in our annual reports, quarterly reports, current reports and other filings we make with the Securities and Exchange Commission.

Although the information contained in this presentation represents our best judgment as of the date of this presentation based on information currently available and reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. Given these uncertainties, we caution you not to place undue reliance on these forward-looking statements, which speak only as of the date made. We are not undertaking any duty or obligation to update this information to reflect developments or information obtained after the date of this presentation, except as otherwise may be required by law.

Description of Non-GAAP Financial Measures

CommScope management believes that presenting certain non-GAAP financial measures enhances an investor’s understanding of our financial performance. In addition, CommScope management believes that these non-GAAP financial measures are useful in assessing CommScope’s operating performance from period to period by excluding certain items that we believe are not representative of our core business. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. As calculated, our non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Second quarter results

- **Lower Net Sales driven by customer inventory corrections and customer CAPEX reductions**— Core⁽¹⁾ net sales of \$1.59 billion, declining 15% from prior year; Consolidated CommScope net sales of \$1.92 billion, declining 17% from prior year
- **Adjusted EBITDA due to lower revenue** – Core adjusted EBITDA of \$263 million⁽²⁾ and Consolidated CommScope adjusted EBITDA of \$260 million⁽²⁾
- **Cost Actions**— Annualized cost savings of more than \$150 million. Will position us well as demand returns to normal levels
- **Backlog remains higher than historical average** – Core⁽¹⁾ backlog of \$1.92 billion
- **Debt Position** –Q2 net leverage ratio down to 6.4x⁽³⁾

Based on lower demand, we are reducing our FY'23 Core Adjusted EBITDA to \$1.15 – 1.25 billion⁽²⁾

(1) "Core" financial measures reflect the results or otherwise pertain to the performance of CCS, NICS, OWN, and ANS, in the aggregate, and exclude the results of the Home segment.

(2) See appendix for reconciliation of non-GAAP adjusted measures.

(3) Net leverage based on pro forma Adj. EBITDA of approximately \$1.4 billion (including \$119 million of annualized savings expected from cost reduction initiatives).

Second quarter results

Consolidated CommScope (In \$millions, except per share amounts)				Core CommScope ⁽¹⁾ (In \$millions)			
	2Q'22 Results	2Q'23 Results	Y/Y Change		2Q'22 Results	2Q'23 Results	Y/Y Change
Net Sales	\$2,300	\$1,918	-17%	Net Sales	\$1,876	\$1,589	-15%
Adj. EBITDA⁽²⁾	\$300	\$260	-13%	Adj. EBITDA⁽²⁾	\$287	\$263	-8%
Adj. EBITDA Margin	13.0%	13.5%	+50 bps.	Adj. EBITDA Margin	15.3%	16.5%	+120 bps.
Adj. EPS⁽²⁾	\$0.41	\$0.19	-54%				

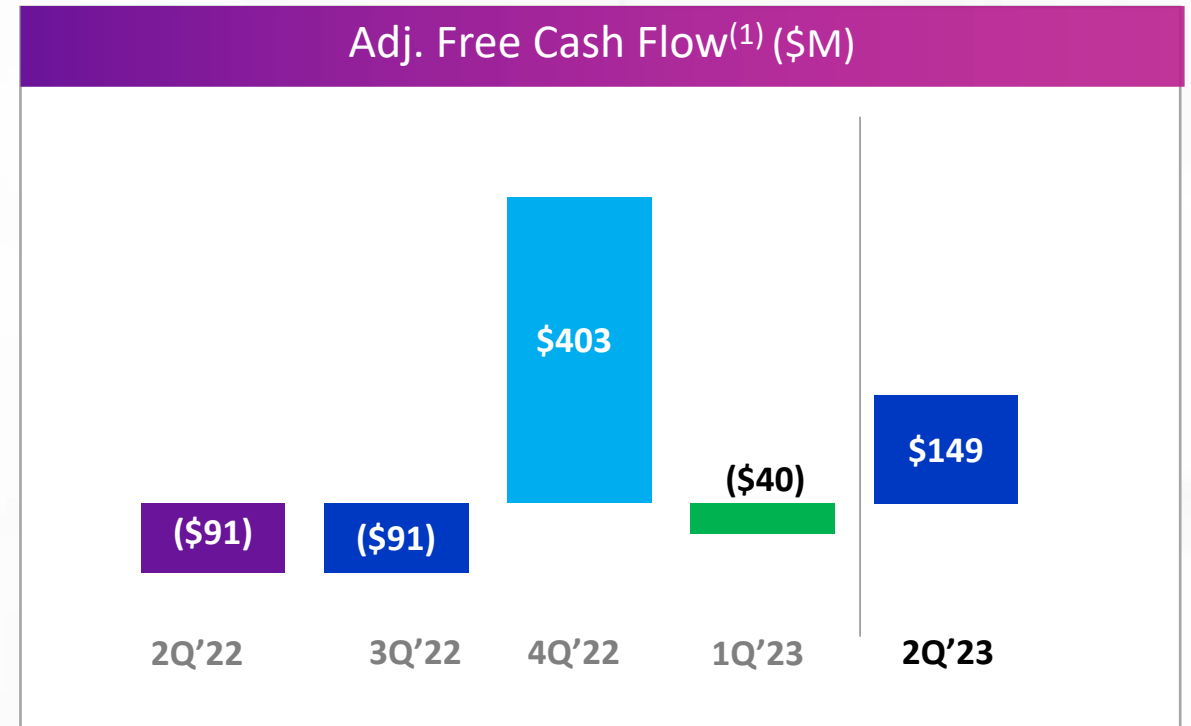
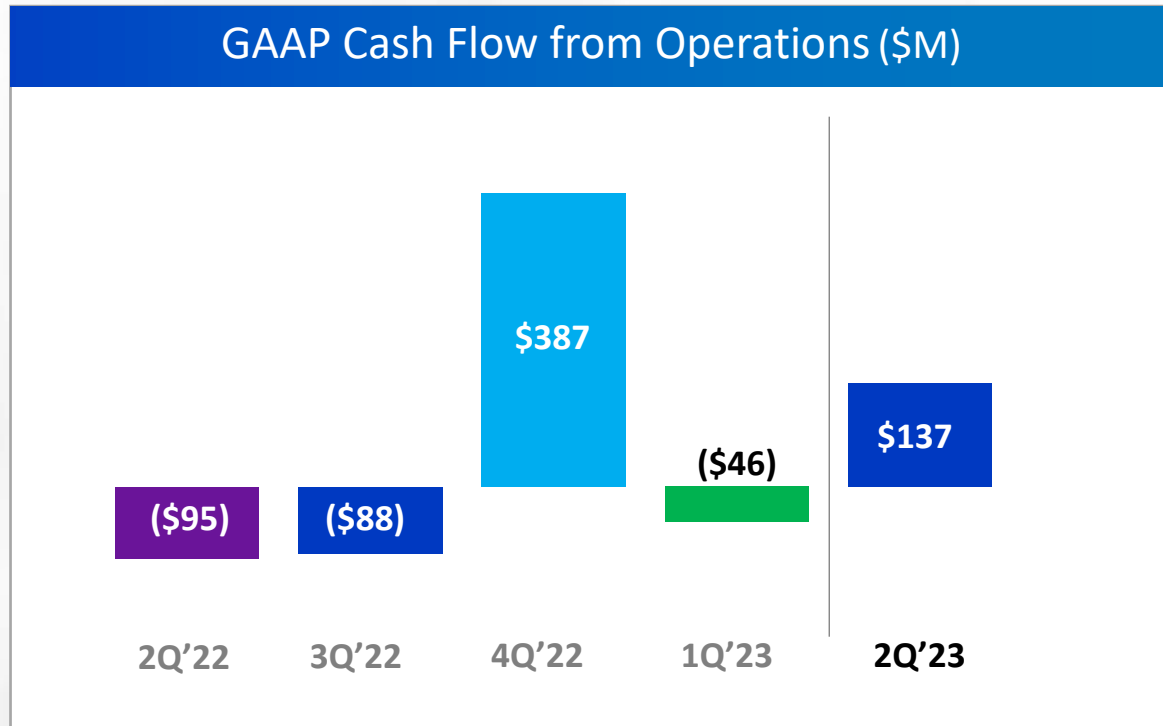
(1) See appendix for reconciliation of non-GAAP adjusted measures. "Core" financial measures reflect the results or otherwise pertain to the performance of CCS, NICS, OWN and ANS, in the aggregate. Core financial measures exclude the results of the Home segment.

Second quarter segment highlights

Business Segment		Net Sales (\$M)		Y-Y%	Adj. EBITDA ⁽¹⁾ (\$M)		Y-Y%	Observations
		2Q'22	2Q'23		2Q'22	2Q'23		
CCS	Connectivity and Cable Solutions	\$987	\$699	-29%	\$169	\$80	-53%	<ul style="list-style-type: none"> Order rates continue to be challenged as customers continue to work through inventory and manage capital expenditures BEAD funding to come online as soon as 2nd half of 2024 High density AI hyperscale projects started by market leaders
NICS	Networking, Intelligent Cellular and Security Solutions	\$205	\$328	+60%	(\$15)	\$75	+\$90 Million	<ul style="list-style-type: none"> Record net sales quarter in Ruckus Launch of RUCKUS One, a network as a service solution Launching new Wi-Fi 7 products by Q4 Sustained sequential EBITDA growth for ICN over TTM
OWN	Outdoor Wireless Networks	\$391	\$229	-41%	\$75	\$42	-45%	<ul style="list-style-type: none"> Revenue impacted by reduction in North American service providers capital spending Continued to drive efficiencies and cost reductions across the business Investing in products with high growth potential like our Mosaic Active/Passive antenna solution
ANS	Access Network Solutions	\$293	\$333	+14%	\$58	\$66	+15%	<ul style="list-style-type: none"> Building momentum in edge related products as DOCSIS 4.0 upgrades begin Virtual CMTS (vCMTS) solution testing in customer labs Project timing should drive stronger 2nd half as edge products continue to ramp
HN	Home Networks	\$424	\$330	-22%	\$13	(\$3)	-\$16 Million	<ul style="list-style-type: none"> Revenue decline driven by weak demand and challenging market conditions with high levels of customer inventories Expect adjusted EBITDA improvement throughout the remainder of 2023 Continue to look for opportunities to separate the business

(1) See appendix for reconciliation of non-GAAP adjusted measures.

Cash flow update

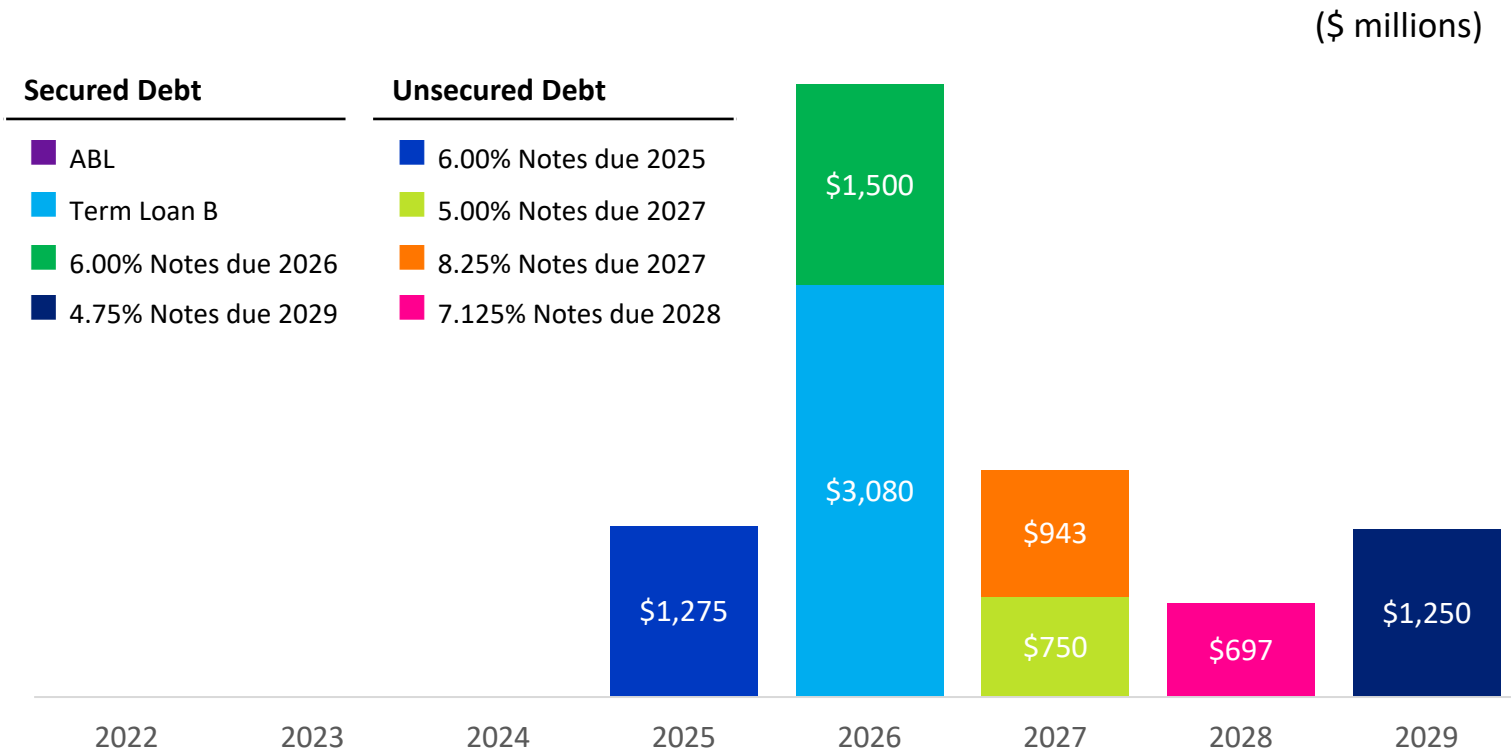


- Year over year increase driven by reduced working capital, partially offset by lower EBITDA and higher interest payments.
- Revising cash forecast down to \$250M - \$350M driven by lower EBITDA

(1) See appendix for reconciliation of non-GAAP adjusted measures. Adjusted free cash flow is defined as free cash flow excluding cash paid for restructuring costs and transaction, transformation and integration costs.

Strong liquidity & balance sheet management

Debt Maturities (as of 6/30/23)



Cash & liquidity remain strong

- Ended the quarter with available liquidity over \$1 billion
- No outstanding ABL revolver draws as of 6/30/23

Leverage ⁽¹⁾

- 6.4x net leverage as of 6/30/23
- Repurchased \$28 million of debt during the quarter

Required TLB amortization payments \$32mm annually for 2024-2025 are not shown.

Debt balances do not reflect unamortized OID or deferred financing fees.

(1) Net leverage based on pro forma Adj. EBITDA of approximately \$1.4 billion (including \$ 119million of annualized savings expected from cost reduction initiatives). The Carlyle investment is characterized as equity. The ratio of net debt plus preferred equity to pro forma Adj. EBITDA is ~7.4x.



Closing Remarks



Chuck Treadway
President and Chief Executive Officer

COMMSCOPE®

now meets next

Q&A

Second Quarter 2023 Results

COMMScope®

Appendix

Statements of Operations

CommScope Holding Company, Inc.
Condensed Consolidated Statements of Operations
(Unaudited -- In millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net sales	\$ 1,918.4	\$ 2,300.2	\$ 3,919.9	\$ 4,528.8
Cost of sales	1,301.2	1,617.0	2,611.0	3,209.3
Gross profit	617.2	683.2	1,308.9	1,319.5
Operating expenses:				
Selling, general and administrative	254.9	277.2	518.4	563.2
Research and development	153.2	165.4	306.6	336.1
Amortization of purchased intangible assets	101.4	139.0	227.8	279.7
Restructuring costs, net	35.5	38.5	31.4	50.6
Total operating expenses	<u>545.0</u>	<u>620.1</u>	<u>1,084.2</u>	<u>1,229.6</u>
Operating income	72.2	63.1	224.7	89.9
Other income, net	2.4	1.0	8.1	1.0
Interest expense	(168.5)	(140.1)	(333.6)	(276.6)
Interest income	1.9	0.5	4.4	1.2
Loss before income taxes	(92.0)	(75.5)	(96.4)	(184.5)
Income tax (expense) benefit	(8.4)	14.5	(0.6)	(16.4)
Net loss	(100.4)	(61.0)	(97.0)	(200.9)
Series A convertible preferred stock dividends	(15.3)	(14.7)	(30.4)	(29.2)
Net loss attributable to common stockholders	<u>\$ (115.7)</u>	<u>\$ (75.7)</u>	<u>\$ (127.4)</u>	<u>\$ (230.1)</u>
Loss per share:				
Basic	\$ (0.55)	\$ (0.36)	\$ (0.61)	\$ (1.11)
Diluted (a)	\$ (0.55)	\$ (0.36)	\$ (0.61)	\$ (1.11)
Weighted average shares outstanding:				
Basic	210.5	207.6	209.7	206.5
Diluted (a)	210.5	207.6	209.7	206.5
(a) Calculation of diluted loss per share:				
Net loss (basic and diluted)	\$ (115.7)	\$ (75.7)	\$ (127.4)	\$ (230.1)
Weighted average shares (basic)	210.5	207.6	209.7	206.5
Dilutive effect of equity-based awards	—	—	—	—
Denominator (diluted)	<u>210.5</u>	<u>207.6</u>	<u>209.7</u>	<u>206.5</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

Balance Sheets

CommScope Holding Company, Inc.
Condensed Consolidated Balance Sheets
(In millions, except share amounts)

	Unaudited June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 418.1	\$ 398.1
Accounts receivable, net of allowance for doubtful accounts of \$63.0 and \$82.8, respectively	1,354.1	1,523.6
Inventories, net	1,454.2	1,588.1
Prepaid expenses and other current assets	198.5	216.4
Total current assets	3,424.9	3,726.2
Property, plant and equipment, net of accumulated depreciation of \$908.9 and \$873.5, respectively	565.8	609.6
Goodwill	4,079.2	4,072.4
Other intangible assets, net	2,246.3	2,473.5
Other noncurrent assets	849.5	803.7
Total assets	<u>\$ 11,165.7</u>	<u>\$ 11,685.4</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 782.7	\$ 1,025.5
Accrued and other liabilities	906.9	1,050.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	1,721.6	2,107.5
Long-term debt	9,380.9	9,469.6
Deferred income taxes	156.4	173.4
Other noncurrent liabilities	391.9	380.6
Total liabilities	11,650.8	12,131.1
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,130.8	1,100.3
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,130,776 and 1,100,310, respectively, Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 211,912,464 and 208,371,426, respectively	2.3	2.2
Additional paid-in capital	2,558.7	2,542.9
Accumulated deficit	(3,599.2)	(3,502.2)
Accumulated other comprehensive loss	(276.2)	(296.3)
Treasury stock, at cost: 14,342,757 shares and 12,726,695 shares, respectively	(301.5)	(292.6)
Total stockholders' deficit	(1,615.9)	(1,546.0)
Total liabilities and stockholders' deficit	<u>\$ 11,165.7</u>	<u>\$ 11,685.4</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

Statements of Cash Flows

CommScope Holding Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited -- In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating Activities:				
Net loss	\$ (100.4)	\$ (61.0)	\$ (97.0)	\$ (200.9)
Adjustments to reconcile net loss to net cash generated by (used in) operating activities:				
Depreciation and amortization	139.4	176.1	303.5	356.3
Equity-based compensation	10.7	12.3	24.2	28.9
Deferred income taxes	(31.9)	(28.5)	(61.9)	(26.2)
Changes in assets and liabilities:				
Accounts receivable	(0.9)	(25.9)	174.4	(86.4)
Inventories	167.5	(77.7)	135.6	(151.4)
Prepaid expenses and other assets	6.1	(27.5)	16.3	2.1
Accounts payable and other liabilities	(92.9)	(52.3)	(411.2)	(28.8)
Other	39.2	(10.1)	6.8	(2.7)
Net cash generated by (used in) operating activities	136.8	(94.6)	90.7	(109.1)
Investing Activities:				
Additions to property, plant and equipment	(20.8)	(27.7)	(35.2)	(55.1)
Proceeds from sale of property, plant and equipment	0.8	—	41.6	—
Other	11.2	4.5	20.5	15.9
Net cash generated by (used in) investing activities	(8.8)	(23.2)	26.9	(39.2)
Financing Activities:				
Long-term debt repaid	(8.0)	(83.0)	(16.0)	(176.0)
Long-term debt repurchases	(25.0)	—	(75.0)	—
Long-term debt proceeds	—	125.0	—	210.0
Tax withholding payments for vested equity-based compensation awards	(3.9)	(3.4)	(8.9)	(14.0)
Other	0.2	0.1	2.1	1.4
Net cash generated by (used in) financing activities	(36.7)	38.7	(97.8)	21.4
Effect of exchange rate changes on cash and cash equivalents	(0.5)	(6.3)	0.2	(4.1)
Change in cash and cash equivalents	90.8	(85.4)	20.0	(131.0)
Cash and cash equivalents at beginning of period	327.3	314.7	398.1	360.3
Cash and cash equivalents at end of period	<u>\$ 418.1</u>	<u>\$ 229.3</u>	<u>\$ 418.1</u>	<u>\$ 229.3</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

Adjusted EBITDA and Adjusted Net Income Reconciliation

CommScope Holding Company, Inc.
Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures
(Unaudited -- In millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net loss, as reported	\$ (100.4)	\$ (61.0)	\$ (97.0)	\$ (200.9)
Income tax expense (benefit)	8.4	(14.5)	0.6	16.4
Interest income, as reported	(1.9)	(0.5)	(4.4)	(1.2)
Interest expense, as reported	168.5	140.1	333.6	276.6
Other income, net, as reported	(2.4)	(1.0)	(8.1)	(1.0)
Operating income, as reported	<u>\$ 72.2</u>	<u>\$ 63.1</u>	<u>\$ 224.7</u>	<u>\$ 89.9</u>
Adjustments:				
Amortization of purchased intangible assets	101.4	139.0	227.8	279.7
Restructuring costs, net	35.5	38.5	31.4	50.6
Equity-based compensation	10.7	12.3	24.2	28.9
Transaction, transformation and integration costs	6.5	14.9	9.1	30.5
Acquisition accounting adjustments	0.5	1.8	1.3	3.6
Patent claims and litigation settlements	—	1.0	(11.0)	2.2
Reserve (recovery) for Russian accounts receivable	(2.0)	(1.7)	(2.0)	3.8
Cyber incident costs	4.1	—	4.1	—
Depreciation	30.6	30.7	61.9	63.7
Total adjustments to operating income	<u>187.3</u>	<u>236.5</u>	<u>346.8</u>	<u>463.0</u>
Non-GAAP adjusted EBITDA	\$ 259.5	\$ 299.6	\$ 571.5	\$ 552.9
Net loss, as reported	\$ (100.4)	\$ (61.0)	\$ (97.0)	\$ (200.9)
Adjustments:				
Total pretax adjustments to adjusted EBITDA	156.7	205.8	284.9	399.3
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.9	6.4	13.8	12.9
Pretax gain on debt transactions ⁽²⁾	(2.9)	—	(10.4)	—
Tax effects of adjustments and other tax items ⁽³⁾	(13.0)	(50.8)	(55.0)	(46.4)
Non-GAAP adjusted net income	\$ 47.3	\$ 100.5	\$ 136.3	\$ 164.9
GAAP EPS, as reported ⁽⁴⁾	\$ (0.55)	\$ (0.36)	\$ (0.61)	\$ (1.11)
Non-GAAP adjusted diluted EPS ⁽⁵⁾	\$ 0.19	\$ 0.41	\$ 0.54	\$ 0.67

(1) Included in interest expense.

(2) Included in other income, net.

(3) The tax rates applied to adjustments reflect the tax expense or benefit based on the tax jurisdiction of the entity generating the adjustment. There are certain items for which we expect little or no tax effect.

(4) For all periods presented, GAAP EPS was calculated using net loss attributable to common stockholders in the numerator, which includes the impact of the Series A convertible preferred stock dividend.

(5) Diluted shares used in the calculation of non-GAAP adjusted diluted EPS are 253.1 million and 247.6 million for the three months ended June 30, 2023 and 2022, respectively, and 252.6 million and 247.5 million for the six months ended June 30, 2023 and 2022, respectively.

See Description of Non-GAAP Financial Measures

Sales by Region

CommScope Holding Company, Inc.
Sales by Region
(Unaudited -- In millions)

Sales by Region

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>% Change YOY</u>
United States	\$ 1,105.4	\$ 1,424.3	(22.4) %
Europe, Middle East and Africa	369.8	378.4	(2.3)
Asia Pacific	195.0	223.1	(12.6)
Caribbean and Latin America	128.2	150.4	(14.8)
Canada	120.0	124.0	(3.2)
Total net sales	<u>\$ 1,918.4</u>	<u>\$ 2,300.2</u>	(16.6) %

Sales and Adjusted EBITDA by Segment

CommScope Holding Company, Inc.
Segment Information
(Unaudited -- In millions)

Segment Net Sales

	Q2 2023	Q2 2022	% Change YOY
Connectivity and Cable Solutions	\$ 698.9	\$ 986.7	(29.2) %
Networking, Intelligent Cellular and Security Solutions	327.6	205.4	59.5
Outdoor Wireless Networks	228.8	390.9	(41.5)
Access Network Solutions	333.5	293.3	13.7
Core net sales ⁽¹⁾	1,588.8	1,876.3	(15.3)
Home Networks	329.6	423.9	(22.2)
Total net sales	\$ 1,918.4	\$ 2,300.2	(16.6) %

Segment Adjusted EBITDA ⁽²⁾

	Q2 2023	Q2 2022	% Change YOY
Connectivity and Cable Solutions	\$ 79.6	\$ 169.0	(52.9) %
Networking, Intelligent Cellular and Security Solutions	74.9	(15.3)	NM
Outdoor Wireless Networks	41.7	75.3	(44.6)
Access Network Solutions	66.3	57.8	14.7
Core adjusted EBITDA ⁽¹⁾	262.5	286.8	(8.5)
Home Networks	(3.0)	12.8	(123.4)
Total segment adjusted EBITDA	\$ 259.5	\$ 299.6	(13.4) %

NM – Not meaningful

(1) “Core” financial measures reflect the results of the Connectivity and Cable Solutions, Networking, Intelligent Cellular and Security Solutions, Outdoor Wireless Networks and Access Network Solutions segments, in the aggregate, and exclude the results of the Home Networks segment.

(2) See Description of Non-GAAP Financial Measures

Adjusted EBITDA Reconciliation by Segment

CommScope Holding Company, Inc.
Reconciliation of GAAP to Segment Adjusted EBITDA
(Unaudited -- In millions)

Second Quarter 2023 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 28.9	\$ 44.7	\$ 27.4	\$ 9.0	\$ (37.8)	\$ 72.2
Amortization of purchased intangible assets	18.9	14.3	5.0	37.4	25.8	101.4
Restructuring costs, net	13.2	9.0	3.8	9.3	0.2	35.5
Equity-based compensation	3.4	2.4	1.4	2.5	1.1	10.7
Transaction, transformation and integration costs	0.4	0.4	0.2	1.7	3.7	6.5
Acquisition accounting adjustments	—	0.3	—	—	0.3	0.5
Recovery of Russian accounts receivable	(2.0)	—	—	—	—	(2.0)
Cyber incident costs	1.7	0.5	0.7	0.7	0.5	4.1
Depreciation	15.1	3.3	3.3	5.6	3.3	30.6
Segment adjusted EBITDA	\$ 79.6	\$ 74.9	\$ 41.7	\$ 66.3	\$ (3.0)	\$ 259.5
Segment adjusted EBITDA % of sales	11.4%	22.9%	18.2%	19.9%	(0.9%)	13.5%

Second Quarter 2022 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 111.7	\$ (43.7)	\$ 43.5	\$ (25.7)	\$ (22.7)	\$ 63.1
Amortization of purchased intangible assets	27.4	15.2	8.2	62.0	26.2	139.0
Restructuring costs, net	10.3	5.8	17.3	4.8	0.3	38.5
Equity-based compensation	3.0	2.7	1.4	3.2	2.0	12.3
Transaction, transformation and integration costs	3.5	1.0	1.5	7.4	1.6	14.9
Acquisition accounting adjustments	—	0.5	—	0.8	0.4	1.8
Patent claims and litigation settlements	—	—	—	—	1.0	1.0
Recovery of Russian accounts receivable	(1.2)	(0.3)	(0.1)	—	—	(1.7)
Depreciation	14.3	3.5	3.6	5.4	3.9	30.7
Segment adjusted EBITDA	\$ 169.0	\$ (15.3)	\$ 75.3	\$ 57.8	\$ 12.8	\$ 299.6
Segment adjusted EBITDA % of sales	17.1%	(7.4%)	19.3%	19.7%	3.0%	13.0%

Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

Adjusted Free Cash Flow Reconciliation

CommScope Holding Company, Inc.
Adjusted Free Cash Flow
(Unaudited -- In millions)

Adjusted Free Cash Flow

	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
Cash flow from operations	\$ (94.6)	\$ (87.6)	\$ 386.8	\$ (46.1)	\$ 136.8
Capital expenditures	(27.7)	(23.6)	(22.6)	(14.4)	(20.8)
Free cash flow	(122.3)	(111.2)	364.2	(60.5)	116.0
Transaction, transformation and integration costs	13.0	8.7	18.7	1.4	1.7
Restructuring costs, net	18.7	11.5	19.9	19.4	31.1
Adjusted free cash flow	<u>\$ (90.6)</u>	<u>\$ (91.0)</u>	<u>\$ 402.8</u>	<u>\$ (39.7)</u>	<u>\$ 148.8</u>

See Description of Non-GAAP Financial Measures

Adjusted Gross Profit and Adjusted Operating Expense Reconciliations

CommScope Holding Company, Inc.
Adjusted Gross Profit and Adjusted Operating Expense
(Unaudited -- In millions)

GAAP to Non-GAAP Adjusted Gross Profit

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Gross profit, as reported	\$ 683.2	\$ 736.3	\$ 748.3	\$ 691.7	\$ 617.2
Equity-based compensation	1.6	2.2	2.2	1.7	1.3
Acquisition accounting adjustments	1.8	1.8	1.7	0.8	0.5
Patent claims and litigation settlements	1.0	0.1	26.2	(11.0)	—
Adjusted gross profit	\$ 687.6	\$ 740.4	\$ 778.4	\$ 683.2	\$ 619.0
Adjusted gross profit as % of sales	29.9%	31.1%	33.6%	34.1%	32.3%

GAAP to Non-GAAP Adjusted Operating Expense

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Selling, general and administrative, as reported	\$ 277.2	\$ 281.7	\$ 290.1	\$ 263.5	\$ 254.9
Research and development, as reported	165.4	161.9	159.4	153.4	153.2
Operating expenses	\$ 442.6	\$ 443.6	\$ 449.5	\$ 416.9	\$ 408.1
Equity-based compensation	10.7	14.2	13.7	11.8	9.4
Transaction, transformation and integration costs	14.9	5.9	1.9	2.6	6.5
Recovery for Russian accounts receivable	(1.7)	(1.1)	—	—	(2.0)
Cyber incident costs	—	—	—	—	4.1
Adjusted operating expense	\$ 418.7	\$ 424.6	\$ 433.9	\$ 402.5	\$ 390.1
Adjusted operating expense as % of sales	18.2%	17.8%	18.7%	20.1%	20.3%

Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

Outlook Core Segment Adjusted EBITDA and Adjusted Free Cash Flow Reconciliations

CommScope Holding Company, Inc.
Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures
(Unaudited – In millions)

Core Segment Adjusted EBITDA

	Outlook Range	
	2023	
Core segment operating income ⁽¹⁾	\$ 625	\$ 699
Adjustments:		
Amortization of purchased intangible assets	325	326
Equity-based compensation	46	48
Restructuring costs, net and transaction, transformation and integration costs	40	60
Acquisition accounting adjustments	1	1
Cyber incident costs	4	6
Recovery of Russian accounts receivable	(2)	(2)
Depreciation	111	112
Total adjustments to core operating income ⁽¹⁾	525	551
Core segment adjusted EBITDA	\$ 1,150	\$ 1,250

Adjusted Free Cash Flow

	Outlook Range	
	2023	
Cash flow from operations	\$ 200	\$ 290
Capital expenditures	(70)	(80)
Free cash flow	130	210
Cash paid for restructuring, transaction, transformation and integration costs	120	140
Adjusted free cash flow	\$ 250	\$ 350

(1) "Core" financial measures reflect the results of the CCS, NICS, OWN and ANS segments, in the aggregate, and exclude the results of the Home segment.

Our actual results may be impacted by additional events for which information is not currently available, such as additional restructuring activities, asset impairments, additional transaction, transformation and integration costs and other gains or losses related to events that are not currently known or measurable.

See Caution Regarding Forward-Looking Statements and Description of Non-GAAP Financial Measures.